
Export Finance Systems

High-Level Systems Definition



Export Finance Systems

1996 a part of discussions with Fritz

Executive Introduction

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Summary

Export Finance Systems' ("EFS") strategy is to function as the intermediary between:

- Exporters who seek to finance their export receivables but do not have the systems, expertise or infrastructure to properly monitor and administer these receivables,
- regional and local financial institutions who wish to finance properly structured, adequately monitored and insured export receivables,
- freight forwarders who process and maintain key shipping and order information and
- various insurance companies who provide commercial and political risk insurance.



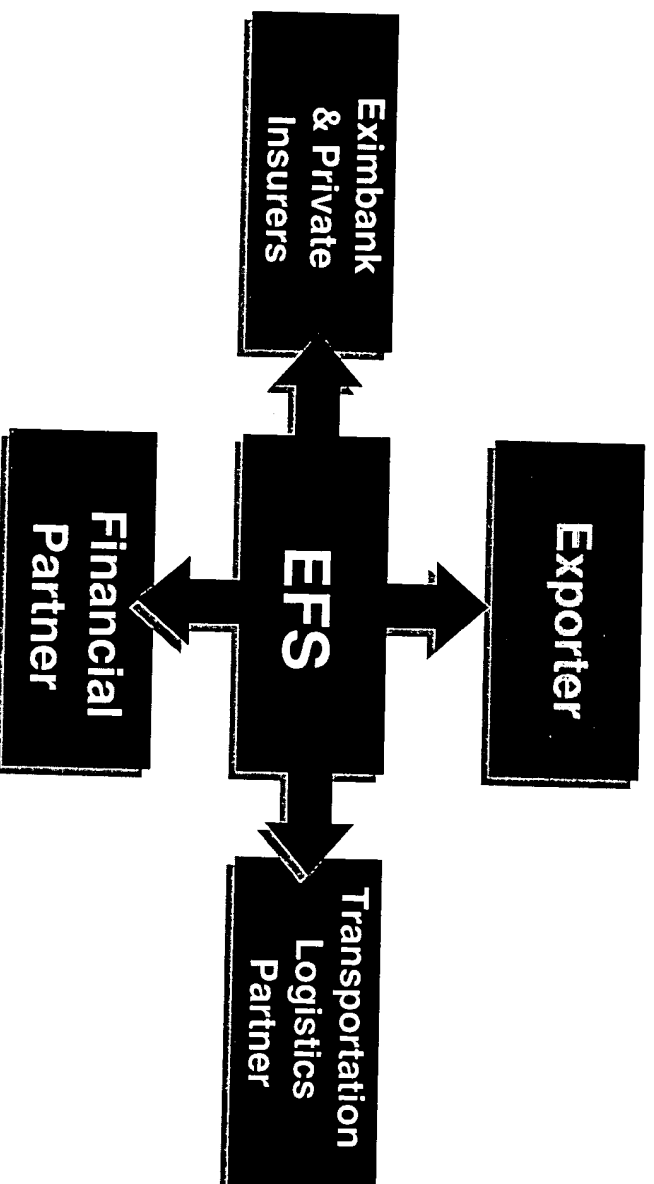
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Integration of Trade Finance Process

- EFS will operate on a national basis to intermediate between Eximbank, private export credit insurers, its transportation logistics partner, participating regional and local financial institutions and numerous U.S. export companies located throughout the United States



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Overall Systems Objectives

- **Develop a system to support both technical and functional business requirements for current and anticipated future needs**
- **Design a flexible enterprise-wide system**
- **Provide for automated interfaces between systems**
- **Focus on user-based systems, not an MIS driven solution**
- **Provide for real-time processing of information**
- **Focus on open systems based solutions with GUI/Windows based front-ends and RDBMS based database management systems**
- **Utilize software solutions based, if possible, on existing applications including LAN/WAN and other productivity or groupware based tools**



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Prototype System

- EFS has developed a prototype integrated Windows-based PC system to provide comprehensive export finance administrative services to fill the needs of:
 - Exporters
 - Commercial Lenders
 - Insurers
 - Freight forwarders
- The system is designed around multiple integrated data files:
 - Exporter Information
 - Foreign Buyer Information
 - Insurance Policy Information
 - Buyer Purchase Orders
 - Shipment Information and Documentation Capture
 - Invoice Information
 - Financing Requests
 - A/R Tracking and Remittances
 - Claims information



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Operational Flows

System uses modules to process information supplied by exporters:

- Prequalification of exporter and foreign buyers
- Creation of application to insurer
- Upon issuance of insurance, set-up exporter's credit limit, foreign buyer sub-limits and other policy parameters
- Exporter enters preliminary buyer orders which will be tested against controls and limits established by EFS
- Shipment information is entered by exporter and confirmed by EFS against archived shipping documents
- Final invoice information is entered
- Exporter requests financing by invoice, EFS verifies invoices are eligible for financing
- EFS coordinates funding with participating financial institutions
- EFS tracks all foreign receivables through collection

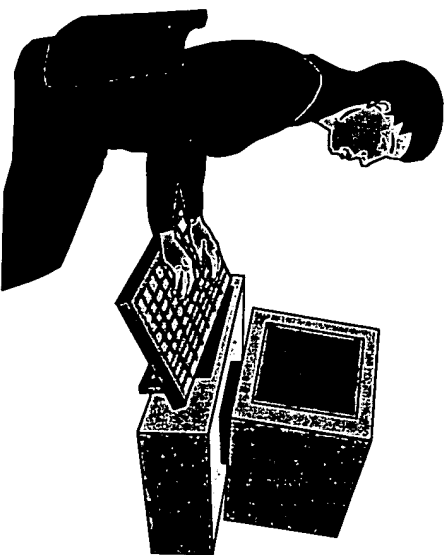


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Exporter Enters Key Information



- Exporters and foreign buyers are pre-qualified and set-up in system with appropriate credit limits
- Utilizing EFS software, exporter enters key information and transmits data to EFS via modem:
 - Buyer orders
 - Invoices
 - Shipment Information
- Exporter sends key documents to EFS for verification and archiving:
 - Purchase orders
 - Invoices
 - Bills of Lading
 - Other documents as required



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Credit Controls Built into EFS System

- Exporters and buyers are pre-qualified.
- All orders/invoices are tested against credit limits and other terms of policy for financing eligibility.
- EFS calculates and pays premiums to insurer.
- EFS provides reports to Bank and insurers.
- EFS captures, archives and verifies relevant shipping documents.
- EFS tracks aging and collection of receivables.
- EFS sets up early warning system to identify problems, meet reporting and other policy requirements.
- EFS responsible for claims administration process.

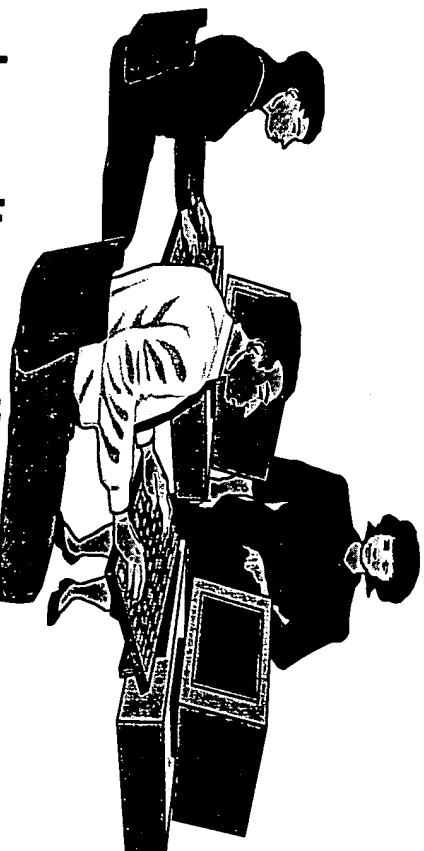


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EFS Coordinates Entire Trade Finance Process



- **EFS personnel monitor credit limits, review documentation and coordinate funding with participating financial institutions**
- **EFS system assures compliance with insurance policies, including reporting, premium payments and claims administration**
- **EFS provides information and services to its export customers, financial, transportation and insurance partners via electronic links**



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Sample of EFS Reports

- Application Tracking Report
- Exporter Credit Limit and Terms of Financing
- Policy Information Report
 - Policy Aggregate Limit
 - Foreign Buyer Sub-Limits
 - Country Limits, if applicable
 - Other Terms of Policy
- Document Checklist
- Funding Checklist
- Funding Requirement Status Report
- Eligible Shipment/Invoice List
- Shipment Report
- Premium Payment Report
- Accounts Receivable Aging
- Cash Applications Report
- Past Due Report
- Notice of Buyer Suspension
- Notice of Buyer Termination
- Claim Filing Checklist



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